We can all agree, Democrats, Republicans, and Independents alike, that our economy is in bad shape right now. Businesses are laying people off because profits are down because no one is buying anything. The big question before us, and the subject of the most vigorous debate in Congress and across the country has been, What do we do about it? Again, we generally agree that what needs to happen, the thing that will truly bring us out of this downward spiral and put us back in business, is to get private investment going again. The question is how to do that. Although it is a bit of an oversimplification, the heart of the debate is over whether government spending is a better means to spur private investment than corporate tax cuts.

I'll hold off on that for a moment to stress that we are talking about corporate tax cuts. The American Recovery and Reinvestment Act of 2009 (HR 1) that we just passed contains a number of tax cuts for working men and women and for seniors. Indeed, the "Making Work Pay Tax Credit", which would provide tax relief to 95% of American workers, has always been a central part of the plan and for good reason. Consumer spending is a big part of our economy, and putting that extra $800 in the pocket of working families, those making less than $200,000 per year, will help those families get through these hard times and help our economy at the same time. The tax cuts for senior citizens and those on Medicare will do the same thing, and those tax cuts were always a part of our plan.

As I said before, it is corporate tax cuts that have been offered as an alternative to the government spending projects contained in HR 1. In good times, when the economy is rolling, the argument can surely be made that cutting the tax rates for big corporations will lead to investment as these companies build new factories or stores to manufacture or sell their merchandise to eager customers. But these are not good times. Because of all the contractions in our economy, once eager consumers are cutting back on their spending and demand is falling. Even if a company believes that now would be a good time to open a new factory, it isn't likely to get a loan because the bankers don't like the looks of the economy. All that a corporate tax cut is going to do, then, is leave these big corporations and banks sitting on more cash as they wait for a more favorable economy in which to invest. While they wait, the recession continues.

But how can government spending help? Well, not by replacing private spending, that's clear. No one who understands the massive size of our economy thinks that government can spend enough money to keep it running, and that's not what we're trying to do. What the government can do, what we must do, and what HR 1 will do is reinvest in our country to spur the private spending we seek. Businessmen are too scared to spend their money and bankers too scared to lend because they both worry that nobody will buy. But the federal government has confidence in our economy. If a construction company gets a government contract to build a new school, they know that there's money out there. When they go to their banker for a loan, the banker can anticipate a return on their investment. So All American Construction Company gets their loan and they're in business.

When All American buys supplies from the lumber yard and the hardware store and the electronics shop, those companies are back in business, too. They can go to their bankers for loans and expect to get them. It also means that these companies don't have to lay off John or

Mary or Angela or Bob, because they need workers to build the school, cut the lumber, make and sell the hardware, and the like. And John, Mary, Angela, and Bob all get their paychecks, which they can spend on groceries - keeping the store clerks, farmers, and truckers in business - and rent. That's what economists mean when they talk about a "spending multiplier". The same $100,000 construction contract spurs jobs at All American, the hardware store, the grocery store, and on and on and on. (Economist Brad DeLong offers an excellent explanation on his blog .)

So that's why and how the government spending in HR 1 can help stimulate private spending and get our economy back on track. Now, it is true that we must pay for this spending by further borrowing and, while the international uncertainty means that we can borrow at very low interest rates, that is a legitimate concern. (I would mention, though, that the tax cut proposals would require borrowing, too. The DeMint amendment, which would have replaced all government spending in HR 1 with tax cuts, would cost an estimated $3.1 trillion dollars.) But that concern can be overblown. In the 1930s, President Roosevelt heard cries that it would take generations to pay off the debt run up by his spending, yet the 1950s witnessed the greatest prosperity our nation had ever seen.

The simple fact is that sensible borrowing can be the best decision. Think of a farmer taking out a mortgage to repair his tractor: sure, he's going into debt, but a working tractor will allow him to make the money to pay off that debt and still turn a profit. Without that mortgage, his crops would be lost and he would be in much more trouble than if he just had to repay a portion of his profits to the bank.

So, that's where we stand with HR 1. There are things I wish had been included in the final bill, things we had passed in the House originally and some that we didn't, but this bill is a good bill. It makes sensible investments in our country and in our future. To get through these hard times, we need to work together, every one of us, as a country, and this legislation is a solid foundation on which we can build.